

For dependents of divorced or legally separated parents:

- If there is a court order that makes one parent financially responsible for the medical or dental expenses of the child, that parent's plan is primary.
- If there is no court order and the parent with custody has not remarried, that parent's plan is primary.
- If there is no court order and the parent with custody has remarried, that parent's plan is primary to the plan of the stepparent. The plan of the stepparent is primary to the parent without custody.

Please note that these rules assume the individual covered by both plans is enrolled as an eligible dependent under the other person's plan.

Medicare

If you are eligible for Medicare and no longer actively working for Morgan Stanley but are covered under the Morgan Stanley Medical Plan (for example, as a retiree, a COBRA participant or Medicare-disabled employee), Medicare is considered primary and pays first. **You must enroll in Medicare Parts A and B when you first become eligible or you may incur a penalty.** Once Medicare has determined how much it will pay, you may submit any uncovered expenses to the Morgan Stanley Medical Plan.

To receive maximum medical coverage, it is important to enroll in Medicare Part B (medical insurance) because your benefits under the Medical Plan will be computed as though you have received Medicare Part B benefits, even if you have not enrolled in this coverage. **If you decide to enroll in Medicare Part B at a date later than your initial Medicare eligibility date, you may be subject to a late enrollment penalty from Medicare.**

For Medicare Part D (prescription drug coverage), you will have a special enrollment period after your Morgan Stanley coverage ends and you will not have to pay a penalty, as long as proof of creditable coverage is provided. All Morgan Stanley Medical Plans provide creditable prescription drug coverage.

If you are eligible for Medicare and still actively working, you are entitled to the same Morgan Stanley medical benefits offered to other active employees. If you elect Medicare coverage, Medicare is the secondary payer, paying only for those charges not

covered by the Morgan Stanley Medical Plan. If you defer enrollment in Medicare because you are actively working and covered under the Morgan Stanley Medical Plan, there will not be a penalty for Part B enrollment, provided you enroll in Medicare in a timely manner upon retirement, termination or loss of coverage.

These rules also apply to your spouse/domestic partner and eligible dependents who are not disabled and covered under the Morgan Stanley Medical Plan, regardless of your age, for as long as you are still working for Morgan Stanley. If you are actively working or retired and covered under the Morgan Stanley Medical Plan and your dependent is Medicare-eligible due to disability, **Medicare is primary and pays first.** Benefits under the Morgan Stanley Medical Plan will be calculated as though your spouse/domestic partner and eligible dependents are receiving Medicare Part B benefits, even if they have not enrolled in this coverage. See the *Retiree Medical* section for more information.

If you are age 65 or over and enrolled in Morgan Stanley retiree medical coverage with Kaiser, you **must** enroll in Medicare and assign your Medicare benefits to Kaiser. Failure to assign your Medicare benefits to Kaiser within 60 days after you enroll in Medicare will result in termination of your and your dependents' Morgan Stanley medical coverage, retroactive to the date of your Medicare eligibility, due to retirement.

Qualified Life Events

When you enroll in benefits, your elections generally are irrevocable for the entire calendar year. There are special situations in which you may change your elections during the year that are referred to as Qualified Life Events (QLEs). QLEs are events that affect your or your spouse's legal marital status, number of dependents, employment status or dependent eligibility status, as well as certain plan cost or coverage changes.

If you have a QLE and are eligible to make changes to your benefits, you must contact the Benefit Center within 31 days of the QLE. Any changes you make to your benefits as a result of your QLE within this 31-day window will be retroactive to the date of the QLE. You may also make certain changes to your benefit elections up to 90 days after your QLE. However, if you make changes to your elections more than 31 days after your QLE, coverage will be